## What is Florida's Digital Transportation Network Strategy?





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#### Why is Business so Uncertain?



Flat



Globalization



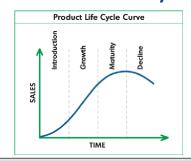
Commoditized



Low Margined



**Shorter Lifecycles** 



Low Growth

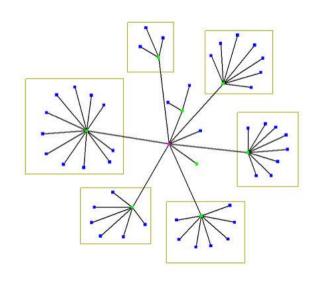


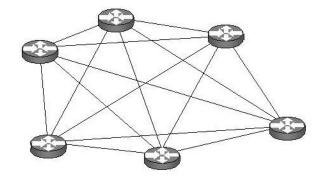
### The Hub-and-Spoke Logistics Model is Being Replaced by Point-to-Point Delivery in Urban Areas



Today, **hub-and-spoke** accounts for 99 percent-plus of all deliveries worldwide.

Hub-and-spoke is the dominant logistics model because it is the only **cost-effective way** of sending a package over 10 miles. The downside of hub-and-spoke is that it is not very flexible.





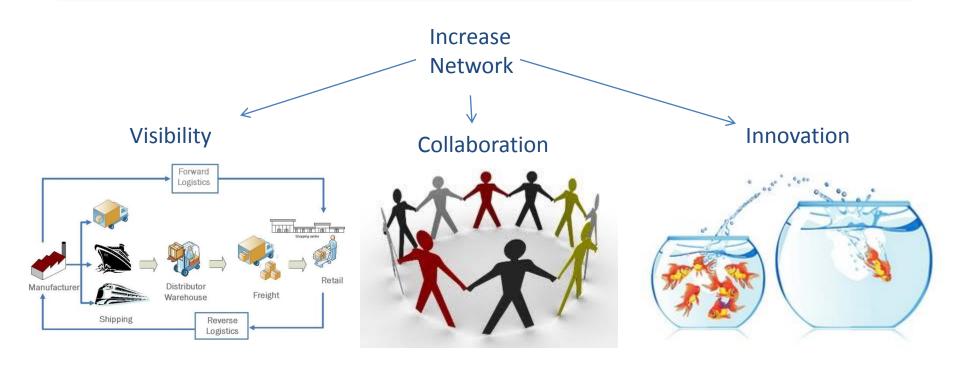
Unlike the hub-and-spoke market which is dominated by UPS and FedEx, the **point-to-point** market is highly fragmented with thousands of local operators.

Point-to-point is a **competitive advantage** for multichannel retailers that can use their shops as local warehouses.

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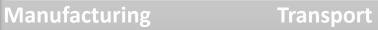
#### What Can We Do?





#### Where is the Incentive?













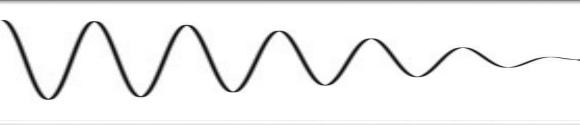
















Waste

**Excess Capacity** 

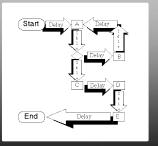
Delays

**Excess Inventory** 

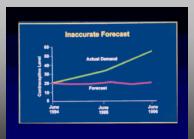
Forecasting







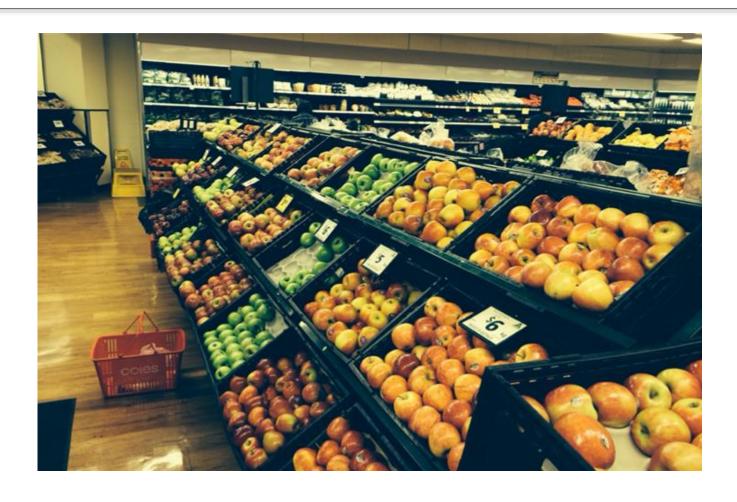




#### Where has it been done before for a nation?

2005 in Australia. Reduced fresh produce handling steps from **44** to **8**. Reduced waste from 40% to 23%





### **Simple Cloud Solution**



BUILD YOUR		R ·		
OUR 100% NATURAL FRESHLY GROUP ON A VEGETARIAN DIET WITHOUT HO	RMONES OR ANTIBIOTICS.	THE COUNTER		
STEP #1 Choose a Bur	ger Beef Burgers Cooked Medium	Unless Requested Otherwise		
□ Beef □ Turkey □	Veggie Grilled Chicken	No.		
Build Your Burger on a Bun Choose a Size.   1/3 to	D 2/3 tb	0116		
Build Your Burger in a Bowl Skip Choose a Size: O 1/3 to Served on a Bed of: O Lettuce	□ 2/3 tb	□ 1 tb		
STEP #2 Choose a Che	1050 1 Cheese Included			
☐ Qunish Blue Cheese ☐ Greek Feta ☐ Gruyëre ☐ Herb Goat Cheese Spread	○ Horseradish Cheddar ○ Imported Swiss ○ Jatapeño Jack	Sharp Provotone Tillamook Cheddar Yellow American		
	4 Toppings 4 Toppings Inch	uled :		
□ Bermuda Red Onion □ Black Olives □ Carrot Strings □ Ditt Pickle Chips □ Dried Cranberries □ Grilled Onions	☐ Gritled Pineapple ☐ Hard Boiled Eggs ☐ Jalapeños ☐ Lettuce Bland ☐ Mixed Baby Greens ☐ Roasted Chiles	☐ Roasted Corn & Black Bean Sals ☐ Roasted Red Peppers ☐ Scattions ☐ Spicy Pepperoncinis ☐ Sprouts ☐ Tomatoes		
STEP #3.5 Premium Topping  Topping of the Month  Avocade  Black Forest Ham  Chilli	☐ Fried Egg ☐ Fried Onion Strings ☐ Homemade Guaramote	☐ Honey Cured Bacon ☐ Sautéed Mushrooms ☐ Sun-Oried Tomatoes		
STEP #4 Choose a Sau	ICO 1 Seuce Included			
☐ Sauce of the Month ☐ Apricot Sauce ☐ Carametized Onion Marmalade ☐ Country Buttermilk Ranch ☐ Dijon Balsamic Dressing ☐ Ginger Sey Glaze	☐ Honey Mustard ☐ Horseradish Mayo ☐ Mayonnaise ☐ Peanut Sauce ☐ Peppercorn Steak Sauce ☐ Red Retish	☐ Reasted Gartic Aloti ☐ Russian Dressing ☐ Southwest Caesar ☐ Spicy Sour Cream ☐ Sun-Dried Tomato Vinaigrette ☐ Sweet 880 Sauce		
STEP #5 Choose a Bur	Burger in a Bowl, Skip Step #5			
☐ English Mufflin	O Hamburger Bun	☐ Honey Wheat Bun		

#### **Build Your Own Network**

#### **Cloud Process Utility**

Generic Functions	Supply	istribution Centres		ervice ovision	Retail
Step One Choose Business Category	Consumer Electrical	Furniture	Consumer Electronics	Office Supplies	Grocery
Step Two Choose Product Class	Audio Visual	Lounge Dining Bedroom Outdoor	Computers Cameras Phones	Stationary Printing	Fresh Produce Dairy Bakery Organic
Step Three Register Particpants	Suppliers	Distribution Centres	Carriers	Service Providers	Retailers
Step Four Suppliers Choose Products	Category	Classes	Products		
Step Five Suppliers Choose D/C's, Warehouses	Warehouse Category	Service Area Classes	Availability Products		
Step Six Suppliers Selectively Publish Products	Category Service Area	Class Availability	D / C Lead Times	Retailers Price	
Step Seven Carriers Selectively Publish Capabilities, & Capacities	Category Service Area	Class Availability	D / C Lead Times	Retailers Price	
Step Eight Service Providers Selectively Publish Capabilities, & Capacities	Category Service Area	Class Availability	D / C Lead Times	Retailers Price	
Step Nine Retailers Selectively Subscribe	Category Service Provider Availability	Class rs Channel Price	Products Brand	Suppliers	Carriers Service Area

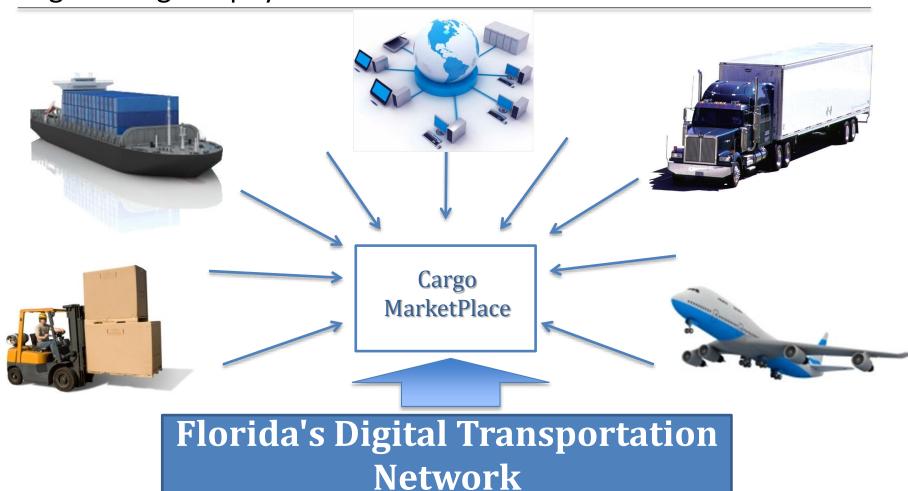
#### **How to Reap the Rewards**



Working Capital	Inventory	Reduce Stock- outs	Sales Yield	Perfect Order or 100% ATP	Field Service optimization	Forecast Improvement	Multi- Brand Multi-channel Distribution	Customer Experience / Relationship Management
For Retail Network Cost to Source Cost to Own Cost to Serve	Inventory Push / Pull Management Design	Minimize Demand / Supply Uncertainty Store by Store Stock VS. Risk pooling	Category, Class, Product & SKU Yield Opportunity by Store and Demographic	24*7 Supply Network Visibility / Access to Committed Supplier Inventory Levels	Manual Process Versus Automated Consumer 24*7 POS Scheduling  Multi- channel	Store by Store forecast vs. Dynamic POS Collaborative Design Speed to Market	Direct to Store / Distribution Centre /consumer Delivery Price / Brand Assortment Availability Innovation VS Functional	Store level comparisons of customer sat vs.:  • Catalogue • POS • Stock Outs • Forecast gaps • Field Service
For Supplier Network	Mark-down's / Write-down's Price Protection Handling &	Make to Order, Make to Stock Production and Inventory Network Coordination Supplier to Store stock out	Supply Risk Price Risk Currency risk  Product lifecycles Product Value Lifecycles	Forecast Accuracy	Multi-brand Multi -Category Multi-Supplier Multi Product Scheduling	Demand / Supply visibility Collaboration Innovation	Flexibility Number of Variables Created & Managed	gaps • Deliveries • Installations • Product Disposal
For service Network	Production / inventory Carrying Cost coordination Inventory Turns	Aligned, Agile & Adaptive Demand Supply Network IRP * Improvement ideas	IRP * Sales Yield improvement Ideas	Delivery Paths by Channel, Brand, DC, Store, End User ATP Improvements from IRP *	analysis / Postponement  IRP® Field Service Improvement Opportunities	IRP * Forecast Improvement Ideas	Brand / Price /Channel Customers / Suppliers / Competitors IRP * improvement ideas	Social Networks Blogs Innovation Adoption User Groups Customer service improvements from IRP ®

# Putting It All Together, Florida's Digital Transportation Network augmenting the physical network





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